

BITS Pilani, K.K. Birla Goa Campus
Mid-term Examination Second Semester 2022-23

Subject: Fundamental of Finance & Accounts (ECON F212)
Date: 15th March 2023

Marks: 35 Marks
Time: 4:00 – 5:30 PM

All Questions are compulsory.

Q 1: Pass Journal Entries for the following transactions in the books of XYZ Ltd:

- a) Employee had taken inventory worth Rs 1,00,000 (cost price Rs 80000) on the eve of Holi and the same was deducted from their salaries in the subsequent month.
- b) Wages paid for erection of Machinery Rs 15,000.
- c) Income tax liability of proprietor Rs 1,10,000 was paid out of business cash.
- d) Purchase of goods from Naveen of the list price Rs 2,00,000. He allowed 10% trade discount. He allowed Rs 5000 cash discount also for quick payment.
- e) Rs 10,000 worth of Inventory were distributed to the employees as new year gesture.
- f) Commission has to receive Rs 5000.

[6 Marks]

Q 2: Prepare Purchase account and Bank account for the transactions in Question no. 1. Assume any cash transaction more than Rs 5000 happened via Bank account.

[4 Marks]

Q 3: Prepare the accounting Equation for the following transactions:

- a) Purchased office furniture Rs 40,000, it's payment to be made next month.
- b) Collected cash Rs 10,000 for repair services.
- c) Goods sold on credit Rs 1,00,000.
- d) Withdrawal of cash Rs 20,000 by the owner for personal use.
- e) Hired an employee as account manager for Rs 10,000 of the north wing.
- f) Returned goods worth Rs 50,000.
- g) One of our debtor agreed to pay his due to Mr X who is creditor of the company with the same amount Rs 10,000 being due to him.
- h) Entered into an agreement with ABC Ltd. to purchase all materials worth Rs 1,00,000 from their company from next year.

[8 Marks]

Q 4: The following are the details of the Shubham & Co.:

1-1-2023	Opening Inventory	20 units @ Rs 250 per unit
7-1-2023	Purchases	100 units @ Rs 300 per unit
15-1-2023	Issue for consumption	80 units
18-1-2023	Purchases	50 units @ Rs 400 per unit
25-1-2023	Issue for consumption	70 units
28-1-2023	Purchases	200 units @ Rs 350 per unit
30-1-2023	Issue for consumption	100 units

Find out the value of Inventory as on 31-1-2023, if the company follows FIFO method.

[5 Marks]

Q 5: From the following information, ascertain the Cash book balance of Mr Bhatia as on 31st March 2022:

- Debit balance as per Bank pass book Rs 3500.
- A cheque amounting to Rs 2500 deposited on 15th March, but the same was returned by the Bank on 24th March for which no entry was passed in the Cash book.
- During March, two bills amounting to Rs 2500 and Rs 500 were collected by the Bank but no entry was made in the Cash Book.
- A bill for Rs 5000 due from Mr. Purshottam previously discounted for Rs 4800 was dishonored. The Bank debited the account, but no entry was passed in the cash book.
- A cheque for Rs 1500 was debited twice in the cash book.

[7 Marks]

Q 6: An inexperienced bookkeeper has drawn up a Trail Balance for the year ended 31st March 2021:

<i>Particulars</i>	<i>Debit (Rs)</i>	<i>Credit (Rs)</i>
Provision for doubtful debts	200	-
Bank Overdraft	1654	-
Capital	-	4591
Trade payables	-	1637
Trade receivables	2983	-
Discount received	252	-
Discount allowed	-	733
Drawings	1200	-
Office furniture	2155	-
Repair expense	-	829
Purchases	10923	-
Returns Inward	-	330
Rent and Rates	314	-
Salaries	2520	-
Sales	-	16882
Inventory	2418	-
Provision for Depreciation on Furniture	364	-
Total	24983	25002

Draw up a “Corrected” Trial Balance, debiting or crediting a residual error to a Suspense account.

[5 Marks]